

Attachment K-Appendix of the Tariff / Schedule 1 of the Operating Agreement

1.10.1 General.

(a) The Office of the Interconnection shall administer scheduling processes to implement a Day-ahead Energy Market and a Real-time Energy Market. PJMSettlement shall be the Counterparty to the purchases and sales of energy that clear the Day-ahead Energy Market and the Real-time Energy Market; provided that PJMSettlement shall not be a contracting party to bilateral transactions between Market Participants or with respect to a Generating Market Buyer's self-schedule or self-supply of its generation resources up to that Generating Market Buyer's Equivalent Load.

(b) The Day-ahead Energy Market shall enable Market Participants to purchase and sell energy through the PJM Interchange Energy Market at Day-ahead Prices and enable Transmission Customers to reserve transmission service with Transmission Congestion Charges and Transmission Loss Charges based on locational differences in Day-ahead Prices. ~~Up-to~~ Congestion ~~Bid~~transactions submitted in the Day-ahead Energy Market shall not require transmission service and Transmission Customers shall not reserve transmission service for such ~~Up-~~to Congestion ~~Bid~~transactions. Market Participants whose purchases and sales, and Transmission Customers whose transmission uses are scheduled in the Day-ahead Energy Market, shall be obligated to purchase or sell energy, or pay Transmission Congestion Charges and Transmission Loss Charges, at the applicable Day-ahead Prices for the amounts scheduled.

1.10.1A Day-ahead Energy Market Scheduling.

(c) All Market Participants shall submit to the Office of the Interconnection schedules for any bilateral transactions involving use of generation or Transmission Facilities as specified below, and shall inform the Office of the Interconnection whether the transaction is to be included in the Day-ahead Energy Market. Any Market Participant that elects to include a bilateral transaction, including Up-to Congestion Bids, in the Day-ahead Energy Market may specify the price (such price not to exceed the maximum price that may be specified in the PJM Manuals), if any, at which ~~it the bilateral transaction~~ will be wholly or partially curtailed rather than pay Transmission Congestion Charges. The foregoing price specification shall apply to the price difference between the specified bilateral transaction source and sink points in the day-ahead scheduling process only. Any Market Participant that elects not to include its bilateral transaction in the Day-ahead Energy Market shall inform the Office of the Interconnection if the parties to the transaction are not willing to incur Transmission Congestion Charges in the Real-time Energy Market in order to complete any such scheduled bilateral transaction. Scheduling of bilateral transactions shall be conducted in accordance with the specifications in the PJM Manuals and the following requirements:

- i) Internal Market Buyers shall submit schedules for all bilateral purchases for delivery within the PJM Region, whether from generation resources inside or outside the PJM Region;

- ii) Market Sellers shall submit schedules for bilateral sales to entities outside the PJM Region from generation within the PJM Region that is not dynamically scheduled to such entities pursuant to Section 1.12; and
- iii) In addition to the foregoing schedules for bilateral transactions, Market Participants shall submit confirmations of each scheduled bilateral transaction from each other party to the transaction in addition to the party submitting the schedule, or the adjacent Control Area.

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(i) Except for Economic Load Response Participants, all Market Participants may submit Increment Bids and/or Decrement Bids [and/or Up To Congestion Bids](#) that apply to the Day-ahead Energy Market only. Such bids must comply with the requirements set forth in the PJM Manuals and must specify amount, location and price, if any, at which the Market Participant desires to purchase or sell energy in the Day-ahead Energy Market. The Office of the Interconnection may require that a market participant shall not submit in excess of [a defined number of 3000](#) bid/offer segments in the Day-ahead Energy Market, [the bid limit being as may be specified in the PJM Manuals](#), when the Office of the Interconnection determines that such limit is required to avoid or mitigate significant system performance problems related to bid/offer volume. Notice of the need to impose such limit shall be provided prior to 10:00 a.m. EPT on the day that the Day-ahead Energy Market will clear. For purposes of this provision, a bid/offer segment is each pairing of price and megawatt quantity submitted as part of an Increment Bid or Decrement Bid. [For an Up To Congestion Bid, it is the pairing of source, sink, price and megawatt quantity.](#)

1.3.38.01 Up-to Congestion Bid.

[“Up-to Congestion Bid” shall mean an offer to sell energy at a specific location, coupled with an offer to buy energy at another location, in the Day-ahead Energy Market for which the Participant has specified the maximum Locational Marginal Price difference between the source and sink location for which the transaction should be scheduled. Such Up-to Congestion Bid may be wholly or partially scheduled depending on the price difference between the source and sink locations in the Day-ahead Energy Market. The foregoing price specification shall apply to the price difference between the specified source and sink points in the day-ahead scheduling process only. An accepted Up-to Congestion Bid results in scheduled injection at a specified location and schedule withdrawal at a specific location in the Day-ahead Energy Market.](#)